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SUBJECT: UKRAINE WTO UPDATE: JANUARY 26

REF: A. KYIV 82
[1](#)B. 2006 KYIV 4667
[1](#)C. 2006 KYIV 4648

[1](#)1. (SBU) Summary: The GOU is anxious to push ahead as quickly as possible on its WTO accession. Minister of Economy Volodymyr Makukha is requesting to hold bilateral consultations in early, rather than late, February. Makukha continues to work to ensure U.S. beef and pork imports flow freely, although he also hopes to begin discussions soon with the USG on conducting an audit of the U.S. veterinary system. We have cautioned the GOU on plans to reconstitute Special Economic Zones; the Ministry of Economy assured that any new zones would be compliant with WTO rules. Pharmaceutical companies approve of the draft resolution on registration of medical drugs, one of five the GOU has identified as required for accession. WTO DG Pascal Lamy rejected the idea that Ukraine and Russia might synchronize their accessions, and he plans to meet with PM Viktor Yanukovych at Davos. End Summary.

[1](#)2. (U) This latest edition in a series of regular update cables regarding the status of Ukraine's WTO accession (refs A, C, and previous) covers the period January 13 - January 26.

GOU Anxious to Push Ahead Quickly

[1](#)3. (U) Minister of Economy Volodymyr Makukha told Ambassador on January 23 that the GOU wants to move ahead on accession plans as quickly as possible. Makukha expressed concern regarding Washington's proposal to conduct the next round of bilateral talks on February 23 and asked if this date could be moved up. If the bilat could be held during the first half of February, said Makukha, this would pave the way for a Working Party meeting in late February, and hopefully for a final WTO General Council vote in July. Ambassador promised to pass on this request to Washington. Vyacheslav Tsymbal, Director of the Ministry of Economy's WTO Division, told EconOff January 25 that Ukraine had already received comments from the EU on Ukraine's recently passed legislation and were anxiously awaiting U.S. comments.

Agriculture Trade

[1](#)4. (SBU) Makukha reiterated to Ambassador his argument (ref

B) that the GOU had gone "above the law" to let in imports before conducting an audit of the U.S. veterinary inspection system. Makukha sent a letter on January 22 to Ambassador Crowder, USTR Chief Agricultural Negotiator, stating unambiguously that the Ukrainian market was now open to U.S. beef and pork, and requesting consultations with U.S. experts on conducting a system audit. Zhanna Pastovenska, from the Ministry of Economy's WTO Division, noted to Econoff January 17 that even just setting a date to begin discussions of a system audit (i.e. not a date for the audit itself) would help give the Ministry of Economy leverage in dealing with other parts of the GOU who are emphasizing this issue. He suggested to Ambassador that the GOU was considering ending all grain export quotas in February.

Special Economic Zones (SEZs)

¶5. (U) Econoff queried Tsymbal on January 18 regarding plans to reconstitute SEZs and cautioned that the GOU would need to be careful to avoid any violations of WTO rules. Tsymbal said he expected the government to push through a

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law on SEZs during the first quarter of 2007. The GOU was well aware of the WTO implications, said Tsymbal, and would ensure full WTO compliance.

Data Exclusivity: Pharmaceutical Companies Happy

¶6. (SBU) Katerina Rybalchenko, Executive Director of the Association of Pharmaceutical Research and Development (APRAD), which unites local affiliates of major international pharmaceutical companies, told Econoff on January 19 that APRAD approved of the draft Cabinet of Ministers Resolution on registration of medical drugs. APRAD still had one small concern on specific language, but overall thought the draft was in good shape. Rybalchenko said she expects the Cabinet to approve the resolution, one of five outstanding regulatory acts on the GOU's list of those required for accession, with no changes.

Lamy: No Synchronization with Russia

¶7. (U) WTO Director-General Pascal Lamy, speaking to reporters on January 23, rejected the possibility that Ukraine and Russia would somehow synchronize their accessions, noting that neither Ukrainian nor Russian officials had ever raised the issue of synchronization with him. Lamy said he planned to discuss Ukraine's accession at a January 26 meeting with PM Viktor Yanukovich during the World Economic Forum in Davos.

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